From: Brad Bischoff [mailto:BBischoff@hillcrestbank.com]
Sent: Monday, October 18, 2004 1:17 PM
To: Comments
Subject: EGRPRA burden reduction comment

October 18, 2004

Robert E. Feldman, Executive Secretary
ATTN: Comments/Executive Secretary Section
Federal Deposit Insurance Corporation
550 17th St., NW
Washington, DC 20429

RE: EGRPRA burden reduction comment

Dear Mr. Feldman,

Thank you for the opportunity to submit comment on the regulatory burden of deposit related consumer protection laws. Hillcrest Bank is a Kansas chartered commercial bank with just over one billion dollars in assets. We have branches in the Kansas City and Wichita metropolitan areas. We have submitted comment on numerous rules presented for review this period.

Consumer Protection in Sales of Insurance

We believe the requirement to provide insurance disclosures to consumers orally and in writing before the completion of the transaction is unduly burdensome. Further, we believe it is unnecessary to require the consumer's written acknowledgement that they received the insurance disclosures. We believe a less burdensome approach would be to require reasonable procedures designed to ensure that the consumers are provided with the insurance disclosures. The requirement that the disclosures must be conspicuous, simple, direct, readily understandable, and provided by a method that will call attention to the nature and significance of the information should ensure that the consumers are provided with the necessary information.

Privacy of Consumer Financial Information

The cost of developing a privacy notice for distribution at account opening, upon request, and for annual mailing does impose a significant burden on financial institutions. Consumers, in many cases, receive numerous privacy notices throughout the year. We are concerned that the number of notices received annually by a typical household diminishes the importance of their content. Essentially, we don't believe customers will read each notice annually, compare previous notices to the current one to note changes (if the consumer has even kept previous notices), and act accordingly in response to any change in policy or practice. We believe the more notices

received without changes, the less likely a customer will be to read the notice if/when a privacy policy change has been made. It is our belief that most privacy notices will be tossed in the trash and thus are of no benefit to the customer. Our concern is that the cost of an annual mailing outweighs the customer benefit. Thus, we respectfully request that you consider amending the rule to provide that privacy notices not be sent annually but only upon changes to privacy policies or practices. We would, of course, be open to always making a copy of our policy and practices available upon request in addition to being provided at account opening.

Safeguarding Customer Information

This rule is a very costly burden to financial institutions. The very essence of providing financial services to consumers requires a trust between the parties to safeguard the information provided to us. We believe financial institutions take this responsibility very seriously and the extent of this rule is unnecessary. We have spent many hours assessing risks, designing our information security program, testing the program, overseeing service provider arrangements, adjusting the information security program, and reporting the results to the Board of Directors. Despite the time spent, we are still unsure whether our information security program will be viewed as sufficient in the eyes of our examiners as each may have a different interpretation of what internal and external threats are "reasonably foreseeable." Many financial institutions have contracted with expensive third parties to assist with the preparation of their information security program and paid yet another expensive third party to test the program. We understand that no one information security program would fit each financial institution but we respectfully request that further guidance be provided as to the extent of the risk assessment needed based on the financial institution's asset size and product base.

Electronic Fund Transfers

We believe the requirement to provide periodic statements at least quarterly for accounts that may be accessed electronically, but did not have any activity, is unduly burdensome. These accounts are typically savings and money market accounts with limited transaction capability per Regulation D and thus have few transactions to report on the periodic statement. Consumers are able to access their balance and transaction histories for these accounts, typically at minimal or no cost to them, via online or telephone banking services. Thus, the information the consumer desires is already being made available to them to access whenever they would like it. We respectfully request that the rule be amended to allow for semi-annual or annual statement cycles for such accounts and thus reduce the processing and mailing burden by at least 50%.

Additionally, we believe the provision that limits consumer liability due to their negligence is unreasonable. We believe that a consumer who was negligent by writing their personal identification number (PIN) on their debit card or keeping their PIN with their debit card should be held liable for the transaction, regardless of the amount. It seems to be common sense that the person responsible for the negligence be responsible for the loss. We also believe there is simply too much opportunity for fraud to be perpetrated at the Bank's expense rather than at the expense of the person who held the access device.

Truth-in-Savings

We believe this regulation, with the stated purpose being "...to enable consumers to make informed decisions about accounts at depository

institutions" and which "...requires depository institutions to provide disclosures so that consumers can make meaningful comparisons among depository institutions" should apply to credit unions as well as other depository institutions. In order to allow consumers to make meaningful comparisons, it seems to make common sense that credit unions, which offer accounts identical or similar to other depository institutions, should have to provide the same disclosures to consumers that we currently must provide.

We believe the pre-maturity notices for time accounts can be simplified by eliminating the different requirements for varying maturities of automatically renewable accounts as well as between automatically renewable accounts and not automatically renewable accounts. One standard pre-maturity notice for time deposits that includes the date the existing account matures and a statement that the consumer should contact the financial institution if they want further information regarding renewal of the account should be sufficient. Typically, the interest rate and APY have not yet been determined at the time the pre-maturity notice is currently required to be sent and the consumer must call the financial institution anyway as the maturity date nears in order to obtain that information.

Sincerely,

Brad Bischoff
Compliance Officer